

The Influence of Online Advertising on the Consumer Behavior of Smartphone Customers

Jocelyn S. Emotin¹, Alicia N. Sulayon²

Division Manager, Tagum City Water District, Tagum City, Philippines¹

Professor, Graduate School, University of Mindanao-Tagum, Tagum City, Philippines²

Email: jocelyn.emotin@tagum-water.gov.ph¹

aliciasulayon@umindano.edu.ph²

ABSTRACT

Purpose: The fundamental purpose of the study was to determine which domain of the online advertising significantly influence consumer buying behavior.

Design/methodology/approach: This study employed a quantitative non-experimental research design utilizing correlational technique. The survey was conducted at Tagum City, Davao del Norte, Philippines. A total of 365 customers participated in this study.

Findings: Results revealed that online advertising is much evident as perceived by the customers. On the other hand, the consumer buying behavior towards purchasing smartphones is much observed. The statistical result further revealed that there was a significant relationship between online advertising and consumer buying behavior of smartphone customers.

Research limitations/implications: There are only two variables considered in this paper: Online advertising and consumer buying behavior; Intervening variables are not considered and the sample for this study is 365 using a random sampling method.

Practical implications: Among the five indicators, stimulation, brand recall, and necessity were found to have significantly predicted consumer buying behavior in purchasing smartphones.

Originality/value: This paper is a collaborative effort of the researchers to understand consumer behavior of smartphone customers relative to online advertising.

Paper type: Research Paper

Keyword: Consumer Buying Behavior, Marketing, Online Advertising, Philippines, Smartphones

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I. INTRODUCTION

Consumer's obsession about the smartphones is in rapid increase which made their manner of purchasing these handheld devices put into the center of attention Ifeanyichukwu, C.D., Ayodele., & Adetola, (2016). The consumers' decision-making process is significant to their buying behavior especially that this behavior must not be influenced by a lot of occurring factors which may lead them into either a bad or satisfactory buying experience. For marketers, it is their primary goal to make consumers satisfied on their purchases.

On the other hand, the web is getting more advanced compared to traditional advertising methods because of its reach and upscale structure. Compared to traditional advertising methods, internet advertising allows the consumers to view the content they wished to watch. In this study, the term online advertising pertains to advertisements shown in google, youtube, social networking sites such as facebook, twitter, and Instagram. As pointed out by (Opeodu OI, 2017) advertising using various internet channels has a crucial role in influencing the choice of customers and today, the internet is widely used to share content, information, and even ideas Shrivastava, (2014). Accordingly, a smart choice of determining where and what to advertise is extremely important for shop owners (Singh, 2014) as this will have an adverse impact on their business.

In the locality, the choice of determining which online platform to advertise remains a conundrum. This is due to the fact that predicting consumer's behavior especially on buying smartphones is relatively challenging

and the online advertising strategy appears to be a costly decision to make by store managers. Thus, the researchers were prompted to conduct a thorough investigation on this subject matter in order to fully understand how online advertising influenced customer's buying behavior.

A. Objectives

This study aimed to determine which domain of the online advertising that significantly influence the consumer buying behavior. Furthermore, it sought to determine the level of online advertising and consumer buying behavior.

B. Hypotheses

The following research hypotheses were tested at 0.05 level of significance.

1. There is no significant relationship between online advertising and consumer-buying behavior in purchasing smartphones.
2. There is no domain of the online advertising significantly influence consumer-buying behavior.

II. METHODOLOGY

This study employed a quantitative non-experimental design utilizing causal effect technique to be able to give description to the possible existing relationship between two identified variables as well as determining the direction and magnitude of such relationship, if there is. The descriptive correlation method was deemed appropriate and accurate in this study as it seeks to find the relationship between the independent and dependent variables Gravetter, (2004).

A. Locale and Sampling

Through a random sampling method, this research was conducted in the first class City and capital of Davao del Norte Province, Tagum City (7.4472° N, 125.8093° E) Philippines. A total of 365 customers participated in this research.

III. DISCUSSION

A. Online Advertising

Table 1 shows the level of customer's perception regarding online advertising in terms of necessity, pleasure, dominance, brand recall and stimulation. The overall mean is 4.06 which is described as high and with the standard deviation of 0.515. This means that their perception on online advertising is much evident.

Table 1. Customer's perception on online advertising

Indicators	Mean	SD	Descriptive Equivalent
Necessity	4.17	0.591	High
Pleasure	4.03	0.610	High
Dominance	4.01	0.606	High
Brand Recall	4.03	0.602	High
Stimulation	4.03	0.630	High
Total	4.06	0.515	High

Considering the views of (Sharma, P., Sivakumaran, B. and Marshall, 2010) they found out that the variables in online advertising is useful in enticing the customers in purchasing the product. Thus, online commercials have critical effect on the buyer's consumer behavior and directly affect their decisions (Awan et al., 2015); (Schiffman et al., 2012). This is a good basis for online businesses to advance their online advertising campaigns. On the same way, (Awan & Shahid, 2015) argued that online advertising fulfills the information gap that the consumers need in relation to the advertised item as (Kotler, 2006) said that in the absence of advertising, consumers may not be aware of the product and its potential to satisfy their needs and desires.

B. Consumer Buying Behavior

As shown in table 2, the level of consumer buying behavior among consumers garnered an overall mean of 4.05 which is described as high. As stated by (Darley et al., 2010) and (Peter et al., 1999) the customer choice of purchasing a product is influenced by two components, internal and external. There are individual (internal) factors influencing buying behaviors which include demographics, consumer information, observation, learning, inspiration, identity, and ways of life. For instance, a buyer may perceive the need to purchase a tablet when there is a necessity for it and it appears to more comfortable to use compared to desktop PC Martins & Terblanche, (2003)

On the other hand, external information sources may also affect the purchasing decisions. For example, the personal experiences of friends or family and even co-workers may affect the buying behavior (Ma et al., 2014) Furthermore, in selecting a movie to watch, one may choose to depend on the referral of a friend or family member while others prefer online reviews and rating (information search) which is a common attitude for consumers who are particular to details. Marketing experts collect enough data to study and make use of it to predict the behavior of the customers in relation to their future offerings Tzokas et al., (2004).

Table 2 Level of Consumer Buying Behavior

Indicators	Mean	SD	Descriptive Equivalent
Recognition of Need or Problem	4.13	0.584	High
Information Search	4.06	0.617	High
Evaluation of Alternatives	4.08	0.581	High
Purchase	4.15	0.590	High
Post-Purchase Evaluation	3.85	0.707	High
Total	4.05	0.503	High

C. Relationship Between Online Advertising and Consumer Buying Behavior

Table 3 presents the five indicators which showed the relationship between online advertising and consumer buying behavior. The r-value of *necessity and consumer buying behavior* is 0.534 shows a positive correlation (28.52%), followed by the r-value of *pleasure and consumer buying behavior* of 0.480 which also shows positive correlation (23.04%). The r-value of *dominance and consumer buying behavior* is 0.565 imply a positive correlation (31.92%). While the r-value of *brand recall and consumer buying behavior* is 0.606 shows a positive correlation (36.72%). Lastly, the r-value of *stimulation and consumer buying behavior* is 0.620 shows a positive correlation (38.44%).

Table 3. Relationship Between Online Advertising and Consumer Behavior

Online Advertising	Mean	SD	Mean	SD	r-value	r ²	p-value	Decision $\alpha=0.05$
Necessity	4.17	0.591	Consumer Buying Behavior	4.05	0.534	0.2852	0.000	Ho is Rejected
Pleasure	4.03	0.610			0.480	0.2304	0.000	Ho is Rejected
Dominance	4.01	0.606			0.565	0.3192	0.000	Ho is Rejected
Brand Recall	4.03	0.602			0.606	0.3672	0.000	Ho is Rejected
Simulation	4.03	0.630			0.620	0.3844	0.000	Ho is Rejected

* $p < 0.005$

All the indicators of online advertising (necessity, pleasure, dominance, brand recall and stimulation) appears to have significant relationship on the consumer buying behavior. Taking insights from the study done by (Tzokas et al., 2004) they contended that web-based or online advertisement is key determinants of purchasing products just like mobile phones. Similarly, another study demonstrated that the utilization of various online media advertising channels and buyer's purchasing decision/behavior have a solid relationship. The research also revealed that consumer behavior is somehow shaped by online promotions Adelaar et al., (2003)

D. Regression Analysis on Online Advertising and Consumer Buying Behavior

Table 4 shows the regression analysis on the level of online advertising and the level of consumer buying behavior in purchasing smartphones. The table shows an f-value of 62.259 and p-value of 0.000 which is less than the 0.05 level of significance. Thus, there are domains in online advertising that significantly influence the consumer buying behavior of purchasing smartphones.

The indicators *necessity*, *brand recall* and *stimulation* has a beta of 0.190, 0.260 and 0.290 respectively and a corresponding p-value of 0.000 which is less than the level of significance at 0.05. This means that *necessity*, *brand recall* and *stimulation* has a significant influence to the level of consumer buying behavior in purchasing smartphone. The indicator *stimulation* has the highest beta of 0.290 which means that among the three indicators, *stimulation* most significantly influence the level of consumer buying behavior in purchasing smartphones.

Table 4. Regression analysis on the level of online advertising and the level of consumer buying behavior in purchasing smartphones

Online Advertisement	Unstandardized Coefficients	Standard Coefficients	t-value	p-value	Decision $\alpha=0.05$
(constant)	1.415				
Necessity	0.164	0.190	3.630	0.000	Ho is Rejected
Pleasure	-0.36	-0.044	-0.765	0.445	Ho is not Rejected
Dominance	0.065	0.078	1.192	0.234	Ho is not Rejected
Brand Recall	0.220	0.260	3.936	0.000	Ho is Rejected
Stimulation	0.230	0.290	4.642	0.000	Ho is Rejected
<hr/>					
	r=0.681	r ² =0.464			
	f-ratio=62.259	p-value=0.000			

The regression analysis on the influence of the domains of online advertising towards consumer buying behavior in purchasing smartphone revealed that *stimulation* is the strongest domain. This means that for the consumer to display a positive buying behavior, smartphone companies are encouraged to use online advertising channels to stimulate the consumers to buy the product. This happens when online advertising give motivation, excitement and pleasurable stimulation to buy the product.

In the same manner, the use of online advertising on the aspect of brand recall and necessity have also an influence to the consumer buying behavior in purchasing smartphone which implies that brands of mobile phones as well as the necessity of the consumer to buy mobile phones should be considered in any online advertisement initiative because online advertising performs as the interaction point between the consumer and company from which they buy the products Tzokas et al., (2004). It is important to note that the presence of online promotional advertising has been growing significantly on the internet and it attracts a well-educated community which motivate and drive the consumers for switching from one brand to another. Another effective way of stimulating consumer response is the use of celebrity endorsement in an online media advertisement (Awan et al., 2015); (Hassan et al., 2015), as it attract the customers especially a society dominated by fan clubs initiated by millennial consumers.

CONCLUSION

The findings of this study revealed that online advertising and consumer buying behavior in purchasing smartphones are of high levels. A significant relationship between online advertising and consumer buying behavior in purchasing smartphones was evident. Further, the results showed that *necessity*, *pleasure*, *dominance*, *brand recall* and *stimulation* have significant relationship on consumer buying behavior in purchasing smartphones. Lastly, among the five indicators, *stimulation*, *brand recall* and *necessity* were found to have significantly predicts consumer buying behavior in purchasing smartphone.

A. Implications

The use of online advertising is a good avenue for cellphone shops to attract and eventually encourage the consumers to buy smartphones. Online advertising is advantageous to business owners because it has an extensive coverage. Also, it has a large capacity to store and disseminate information because online community always find a necessity to share thousands of pages and links which are readily available in a single click. Online advertising has strong interaction with human sensory in real-time and instant attachment to a

certain brand or product is possible because marketers can adjust product prices, product information, and consumers can instantly get the latest product information through chatbots, live chatboxes or even just reading/watching it. Finally, as stimulation appears to be the strongest predictor, store managers must think of perfect formula to stimulate consumer's response to the online advertisement in order to increase sales.

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